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DEPARTMENT OF COMMERCE

International Trade Administration

[C-535-904]

Circular Welded Carbon-Quality Steel Pipe from Pakistan: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce

SUMMARY: The U.S. Department of Commerce (the Department) preliminarily determines that countervailable subsidies are being provided to exporters/producers of circular welded carbon-quality steel pipe (circular welded pipe) from Pakistan. The period of investigation (POI) is July 1, 2014, through June 30, 2015.<sup>1</sup> Interested parties are invited to comment on this preliminary determination.

DATES: Effective Insert date of publication in the *Federal Register*.

FOR FURTHER INFORMATION CONTACT: Kaitlin Wojnar, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3857.

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<sup>1</sup> Pursuant to 19 CFR 351.204(b)(2), the Department's *Initiation Notice* stated that the POI was January 1, 2014, through December 31, 2014. See *Circular Welded Carbon-Quality Steel Pipe from Pakistan: Initiation of Countervailing Duty Investigation*, 80 FR 73704 (November 25, 2015) (*Initiation Notice*). The Department, however, identified public information supporting the conclusion that both the Government of Pakistan (the GOP) and the sole company selected for individual examination (*i.e.*, the mandatory respondent), International Industries Limited (IIL), operate according to an annual fiscal year beginning on July 1 and ending on June 30. See Department Memorandum, "Countervailing Duty Investigation of Circular Welded Carbon-Quality Steel Pipe from Pakistan: Period of Investigation," December 16, 2015 (POI Memorandum); see also Letter from the Department, "Countervailing Duty Investigation of Circular Welded Carbon-Quality Steel Pipe from Pakistan: Countervailing Duty Questionnaire," December 16, 2015 (CVD Questionnaire), at I-4. Therefore, consistent with 19 CFR 351.204(b)(2), we determined that July 1, 2014, through June 30, 2015, is the appropriate POI for this proceeding. See POI Memorandum; see also CVD Questionnaire at I-4. Although the Department provided interested parties with the opportunity to comment on the modified POI, we received no comments.

## SUPPLEMENTARY INFORMATION:

### Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination

On the same day that the Department initiated this countervailing duty (CVD) investigation, the Department also initiated an antidumping duty (AD) investigation of circular welded pipe from Pakistan.<sup>2</sup> The AD and CVD investigations cover the same class or kind of merchandise from the same country. On March 29, 2016, in accordance with section 705(a)(1) of the Tariff Act of 1930, as amended (the Act) and 19 CFR 351.210(b)(4), Bull Moose Tube Company, EXLTUBE, Wheatland Tube Company, and Western Tube and Conduit (collectively, Petitioners) requested alignment of the final CVD determination with the final AD determination regarding circular welded pipe from Pakistan.<sup>3</sup> Therefore, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), we are aligning the final CVD determination in this investigation with the final determination in the companion AD investigation of circular welded pipe from Pakistan. Consequently, the final CVD determination will be issued on the same date as the final AD determination, which is currently due no later than August 15, 2016.

### Scope of the Investigation

The product covered by this investigation is circular welded pipe from Pakistan. Interested parties filed comments regarding the scope of the investigation, which resulted in one clarification to the scope language and are addressed, in detail, in the Department's Preliminary

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<sup>2</sup> See *Initiation Notice*, 80 FR at 73704; see also *See Circular Welded Carbon-Quality Steel Pipe from the Sultanate of Oman, Pakistan, the Philippines, the United Arab Emirates, and the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigations*, 80 FR 73708 (November 25, 2015).

<sup>3</sup> See Letter from Petitioners, "Circular Welded Carbon-Quality Steel Pipe from Pakistan: Request for Alignment," March 29, 2016.

Scope Decision Memorandum.<sup>4</sup> For a full description of the scope of the investigation, *see* Appendix I to this notice.

### Methodology

The Department is conducting this countervailing duty investigation in accordance with section 701 of the Act. We preliminarily determine that, for each of the programs found countervailable, there is a subsidy (*i.e.*, a financial contribution by an “authority,” giving rise to a benefit to the recipient) and that the subsidy is specific. For a full description of the methodology underlying the Department’s preliminary conclusions, *see* the Preliminary Decision Memorandum.<sup>5</sup> The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance’s Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov> and to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/index.html>. The signed Preliminary Decision Memorandum and the electronic versions of the Preliminary Decision Memorandum are identical in content.

For this preliminary determination, pursuant to section 776(a) of the Act, the Department relied on facts otherwise available because necessary information is not available on the record.<sup>6</sup> Furthermore, the GOP and IIL failed to provide information requested by the Department. By

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<sup>4</sup> *See* Department Memorandum, “Antidumping Duty Investigations of Circular Welded Carbon-Quality Steel Pipe from the Sultanate of Oman, Pakistan, the United Arab Emirates, and the Socialist Republic of Vietnam and Countervailing Duty Investigation of Circular Welded Carbon-Quality Steel Pipe from Pakistan; Scope Comments Decision Memorandum for the Preliminary Determination,” dated concurrently with and hereby adopted by this notice (Preliminary Scope Decision Memorandum).

<sup>5</sup> *See* Department Memorandum, “Circular Welded Carbon-Quality Steel Pipe from Pakistan: Preliminary Affirmative Countervailing Duty Determination Decision Memorandum,” dated concurrently with and hereby adopted by this notice (Preliminary Decision Memorandum).

<sup>6</sup> *See* section 776(a)(1) of the Act.

refusing to participate as respondents, IIL and the GOP significantly impeded the Department's investigation.<sup>7</sup> Because the GOP and IIL are uncooperative (*i.e.*, they did not act to the best of their ability to respond to the Department's requests for necessary information), the Department has drawn an adverse inference in selecting information from facts otherwise available, in accordance with section 776(b) of the Act. Specifically, the Department applied an adverse inference to find that the programs on which the Department initiated the investigation are countervailable. The Department has also applied an adverse inference in its calculation of an estimated *ad valorem* countervailable subsidy rate for IIL. Additional information is provided in the "Use of Facts Otherwise Available and Adverse Inferences" section of the Preliminary Decision Memorandum.

A complete list of topics discussed in the Preliminary Decision Memorandum can be found at Appendix II to this notice.

#### Preliminary Determination and Suspension of Liquidation

In accordance with sections 776(a) and (b) of the Act, the Department applied facts otherwise available, with adverse inferences, to determine a countervailable subsidy rate for the non-cooperative mandatory respondent, IIL. With respect to the "all-others" rate, section 705(c)(5)(A)(ii) of the Act provides that, if the countervailable subsidy rates established for all individually-investigated exporters/producers are determined entirely under section 776 of the Act (*i.e.*, based entirely on facts otherwise available), the Department may use any reasonable method to establish an all-others rate for exporters/producers not individually-examined. In this case, as noted above, the countervailable subsidy rate assigned to IIL is based entirely on facts otherwise available under section 776 of the Act. There is no other information on the record

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<sup>7</sup> See section 776(a)(2)(B)-(C) of the Act.

upon which to determine an all-others rate. As a result, under section 705(c)(5)(A)(ii) of the Act, we are assigning IIL's rate as the all-others rate. This method is consistent with the Department's established practice.<sup>8</sup>

We preliminarily determine estimated countervailable subsidy rates as follows:

<b>Exporter/Producer</b>	<b>Subsidy Rate</b>
International Industries Limited	64.81 percent
All-Others	64.81 percent

In accordance with sections 703(d)(1)(B) and (d)(2) of the Act, we are directing U.S. Customs and Border Protection to suspend liquidation of all entries of circular welded pipe from Pakistan, as described in the "Scope of the Investigation," that are entered, or withdrawn from warehouse, for consumption on or after the date of the publication of this notice in the *Federal Register*, and to require a cash deposit for such entries of merchandise in the amounts indicated above.

#### Disclosure and Public Comment

Because the Department has reached its conclusions on the basis of adverse facts available, the calculations performed in connection with this preliminary determination are not proprietary in nature and are described in the Preliminary Decision Memorandum. Interested parties may submit case and rebuttal briefs, as well as request a hearing.<sup>9</sup> For a schedule of the deadlines for filing case briefs, rebuttal briefs, and hearing requests for non-scope issues, see the

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<sup>8</sup> See, e.g., *Grain-Oriented Electrical Steel from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 79 FR 59221 (October 1, 2014), and accompanying Issues and Decision Memorandum at Comment 1 (assigning the sole mandatory respondent's rate, which was based on AFA, as the all-others rate); see also *Circular Welded Carbon-Quality Steel Pipe from India: Final Affirmative Countervailing Duty Determination*, 77 FR 64468, 64470 (October 22, 2012) (averaging two total AFA respondents' rates together to determine the all-others rate); *Certain Potassium Phosphate Sales from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Termination of Critical Circumstances Inquiry*, 75 FR 30375 (June 1, 2010) (assigning the rate for three total AFA companies as the all-others rate).

<sup>9</sup> See 19 CFR 351.309(c)-(d), 19 CFR 351.310(c); see also 19 CFR 351.303 (for general filing requirements).

Preliminary Decision Memorandum. For a schedule of the deadlines for filing case briefs, rebuttal briefs, and hearing request regarding scope issues, *see* the Preliminary Scope Decision Memorandum.

#### International Trade Commission Notification

In accordance with section 703(f) of the Act, we will notify the U.S. International Trade Commission (ITC) of our determination. In addition, we are making all non-privileged and non-proprietary information relating to this investigation available to the ITC. We will allow the ITC access to all privileged and business proprietary information in our files, provided that the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Assistant Secretary for Enforcement and Compliance.

In accordance with section 705(b)(2) of the Act, if our final determination is affirmative, the ITC will make its final determination no more than 45 days after the Department makes its final determination.

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act and 19 CFR 351.205(c).

Dated: April 1, 2016.

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Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance

## **Appendix I**

### **Scope of the Investigation**

This investigation covers welded carbon-quality steel pipes and tube, of circular cross-section, with an outside diameter (O.D.) not more than nominal 16 inches (406.4 mm), regardless of wall thickness, surface finish (*e.g.*, black, galvanized, or painted), end finish (plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (*e.g.*, American Society for Testing and Materials International (ASTM), proprietary, or other), generally known as standard pipe, fence pipe and tube, sprinkler pipe, and structural pipe (although subject product may also be referred to as mechanical tubing). Specifically, the term “carbon quality” includes products in which:

- (a) iron predominates, by weight, over each of the other contained elements;
- (b) the carbon content is 2 percent or less, by weight; and
- (c) none of the elements listed below exceeds the quantity, by weight, as indicated:
  - (i) 1.80 percent of manganese;
  - (ii) 2.25 percent of silicon;
  - (iii) 1.00 percent of copper;
  - (iv) 0.50 percent of aluminum;
  - (v) 1.25 percent of chromium;
  - (vi) 0.30 percent of cobalt;
  - (vii) 0.40 percent of lead;
  - (viii) 1.25 percent of nickel;
  - (ix) 0.30 percent of tungsten;
  - (x) 0.15 percent of molybdenum;
  - (xi) 0.10 percent of niobium;
  - (xii) 0.41 percent of titanium;
  - (xiii) 0.15 percent of vanadium; or
  - (xiv) 0.15 percent of zirconium.

Covered products are generally made to standard O.D. and wall thickness combinations. Pipe multi-stenciled to a standard and/or structural specification and to other specifications, such as American Petroleum Institute (API) API-5L specification, may also be covered by the scope of these investigations. In particular, such multi-stenciled merchandise is covered when it meets the physical description set forth above, and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50 mm) in outside diameter; has a galvanized and/or painted (*e.g.*, polyester coated) surface finish; or has a threaded and/or coupled end finish.

Standard pipe is ordinarily made to ASTM specifications A53, A135, and A795, but can also be made to other specifications. Structural pipe is made primarily to ASTM specifications A252 and A500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications.

Sprinkler pipe is designed for sprinkler fire suppression systems and may be made to industry specifications such as ASTM A53 or to proprietary specifications.

Fence tubing is included in the scope regardless of certification to a specification listed in the exclusions below, and can also be made to the ASTM A513 specification. Products that meet the physical description set forth above but are made to the following nominal outside diameter and wall thickness combinations, which are recognized by the industry as typical for fence tubing, are included despite being certified to ASTM mechanical tubing specifications:

O.D. in inches (nominal)	Wall thickness in inches (nominal)	Gage
1.315	0.035	20
1.315	0.047	18
1.315	0.055	17
1.315	0.065	16
1.315	0.072	15
1.315	0.083	14
1.315	0.095	13
1.660	0.055	17
1.660	0.065	16
1.660	0.083	14
1.660	0.095	13
1.660	0.109	12
1.900	0.047	18
1.900	0.055	17
1.900	0.065	16
1.900	0.072	15
1.900	0.095	13
1.900	0.109	12
2.375	0.047	18
2.375	0.055	17
2.375	0.065	16
2.375	0.072	15
2.375	0.095	13
2.375	0.109	12
2.375	0.120	11
2.875	0.109	12
2.875	0.165	8
3.500	0.109	12
3.500	0.165	8
4.000	0.148	9
4.000	0.165	8
4.500	0.203	7

The scope of this investigation does not include:

- (a) pipe suitable for use in boilers, superheaters, heat exchangers, refining furnaces and feedwater heaters, whether or not cold drawn, which are defined by standards such as ASTM A178 or ASTM A192;



- (b) finished electrical conduit, *i.e.*, Electrical Rigid Steel Conduit (also known as Electrical Rigid Metal Conduit and Electrical Rigid Metal Steel Conduit), Finished Electrical Metallic Tubing, and Electrical Intermediate Metal Conduit, which are defined by specifications such as American National Standard (ANSI) C80.1-2005, ANSI C80.3-2005, or ANSI C80.6-2005, and Underwriters Laboratories Inc. (UL) UL-6, UL-797, or UL-1242;
- (c) finished scaffolding, *i.e.*, component parts of final, finished scaffolding that enter the United States unassembled as a “kit.” A kit is understood to mean a packaged combination of component parts that contains, at the time of importation, all of the necessary component parts to fully assemble final, finished scaffolding;
- (d) tube and pipe hollows for redrawing;
- (e) oil country tubular goods produced to API specifications;
- (f) line pipe produced to only API specifications, such as API 5L, and not multi-stenciled; and
- (g) mechanical tubing, whether or not cold-drawn, other than what is included in the above paragraphs.

The products subject to this investigation are currently classifiable in Harmonized Tariff Schedule of the United States (HTSUS) statistical reporting numbers 7306.19.1010, 7306.19.1050, 7306.19.5110, 7306.19.5150, 7306.30.1000, 7306.30.5015, 7306.30.5020, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, 7306.30.5090, 7306.50.1000, 7306.50.5030, 7306.50.5050, and 7306.50.5070. The HTSUS subheadings above are provided for convenience and U.S. Customs purposes only. The written description of the scope of the investigation is dispositive.

## **Appendix II**

### **List of Topics Discussed in the Preliminary Decision Memorandum**

- I. Summary
- II. Background
- III. Alignment
- IV. Scope Comments
- V. Scope of the Investigation
- VI. Respondent Selection
- VII. Injury Test
- VIII. Use of Facts Otherwise Available and Adverse Inferences
- IX. Calculation of the All-Others Rate
- X. ITC Notification
- XI. Disclosure and Public Comment
- XII. Conclusion

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